

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (1/14)
BUTTER: Grade AA closed at \$1.6325. The weekly average for Grade AA is \$1.6075 (+.0258).

CHEESE: Barrels closed at \$1.6000 and blocks at \$1.6300. The weekly average for barrels is \$1.5080 (+.0580) and blocks, \$1.5685 (+.0820).

BUTTER: Butter markets are generally steady, although the cash price continues to firm. Cream offerings to butter producers across the country are readily available. Some producers indicate that offerings are even heavier than during the past holiday period. Stocks of butter remain quite low, although when possible, surplus volumes are entering inventory programs. Imports were a factor in meeting butter needs during 2004. Under quota, for the period January – December 2004, nearly 15.2 million pounds of the nearly 15.4 million pound quota entered the States. High tier or above quota volumes were substantially higher than the previous year. During 2004, nearly 18.4 million pounds of high tier butter entered the U.S. versus 348,000 pounds during all of 2003. Butter demand is mixed. Some suppliers indicate that orders are typical for the period after the holidays, while others state that orders are very active.

CHEESE: The cash cheese market is fully steady. Prices for both blocks and barrels increased sharply at the Chicago Mercantile Exchange cash cheese market this week. Natural cheese supplies are about in balance as buyers rebuild working inventories and fill Super Bowl orders. Recent price increases will again slow aging programs and may start to deplete some recent arrivals. Natural interest varies from slow to moderate. Current cheese production is steady to slightly higher, reflecting milk receipts. 2004 licensed cheese imports total 276.0 million pounds, up 9.1 million pounds (3.4%) from 2003.

FLUID MILK: Milk production is steady in most parts of the country east of the Rockies. California's milk production is showing some effects from recent weather conditions. The southern part of the state had the heaviest rain totals and farms there were experiencing the worst of the after effects. Mud and standing water impacted milk output and tests. Conditions in the Central Valley were not as severe and more dairies have covered free stalls that are not affected as much by wet conditions. The fluid cream market remains weak. Class I milk sales are improved now that schools are back in session and bottlers are back on a normal routine. However, most schools will be closed Monday, January 17, for the observance of Martin Luther King Day. Cream offerings, though in slightly better balance, are long for current Class II demand. Butter makers are often full and some are reducing their paying price for cream.

DRY PRODUCTS: The NDM market continues to show signs of firmness. Demand is improving in many quarters, production is slowing from holiday levels, and less "government program" powder is coming on the market. Some export sales continue, but reports indicate that the International NDM market is not as firm as it has been, which may impact our domestic market in coming months. The dry buttermilk market is mostly weak. Production levels are heavy, demand is lackluster, and stocks are building. The dry whey market is mostly steady. Production is steady in most parts of the country and producer stocks range from sold out to adequate. Demand is good in both the domestic and export market. The WPC market is firm. Prices continue to increase and demand is good. Production is often lighter as some plants switch to making higher protein WPC. The lactose market is steady. Demand for export has improved following recent price reductions.

CCC: During the week of January 10 - 14, there were no price support purchases.

NOTICE: Due to the Presidential Inauguration, the National Agricultural Statistics Service (NASS) has changed the release time for the "Dairy Products Prices" report on January 21, 2005, from 8:30 A.M. to 1:00 P.M. ET. Consequently, the release time for the February Advance Prices and Pricing Factors is being changed from 10:00 a.m. to 2:00 p.m. ET on this date. The NASS Announcement has a "Subject Contact" for comments on this change. The URL for this announcement is:

www.usda.gov/nass/events/news/change_1_11_05.htm

COMMERCIAL DISAPPEARANCE (ERS, AMS): Commercial disappearance of dairy products during the first ten months of 2004 totals 145.5 billion pounds, 0.2% above the same period in 2003. Comparing disappearance levels with year earlier levels: butter is +0.9%; American cheese, +0.9%; other cheese, +2.6%; NDM, +44.8%; and fluid milk products, -1.6%.

NOVEMBER CONSUMER PRICE INDEX (BLS): The CPI for all food is 188.2, up 3.2% from November 2003. The dairy products index is 180.9, up 5.7% from a year ago. The following are the November to November changes for selected products: fresh whole milk is +6.8%; cheese, +6.9%; and butter, +32.6%.

NOVEMBER FLUID MILK SALES (NASS): During November, about 4.7 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. After adjusting for calendar composition, sales in November 2004 were 0.3% higher than November 2003. On an individual product basis, after adjusting for calendar composition, sales of low fat (1%) milk, fat-free (skim) milk, and flavored fat-reduced milk increased from November 2003, while sales of whole milk, flavored whole milk, reduced fat (2%) milk, and buttermilk decreased from a year earlier.

JANUARY MILK SUPPLY AND DEMAND ESTIMATES (WAOB): Projected milk production for 2004/05 is lowered fractionally from last month. Prices of dairy products are expected to be firmer in 2004/05 than forecast last month. Supplies of milk remain tight, with commercial fat-basis stocks and skim-basis CCC removals reduced from last month. Cheese prices are not expected to decline as rapidly from their recent highs and, coupled with stronger than expected dry whey prices, the Class III price forecast for 2004/05 is raised. Although butter prices are expected to moderate from their recent highs, nonfat dry milk prices are projected to remain relatively high through the first half of 2005 because of strong export demand. As a result, Class IV prices are forecast higher. CCC nonfat milk removals are reduced. The all milk price is raised to \$14.45-\$14.95 for 2004/05.

OCTOBER MAILBOX MILK PRICES (AMS, CDFA): In October 2004, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$15.58, \$.21 more than the figure for the previous month. The component tests of producer milk in October 2004 were: butterfat, 3.73%; protein, 3.11%; and other solids, 5.68%. On an individual reporting area basis, mailbox prices increased in all reporting areas except for two, and ranged from \$18.13 in Florida to \$13.41 in New Mexico. In October 2003, the Federal milk order all-area average mailbox price was \$14.96, \$.62 lower.

******SPECIAL THIS ISSUE******

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

PRODUCT	MONDAY JANUARY 10	TUESDAY JANUARY 11	WEDNESDAY JANUARY 12	THURSDAY JANUARY 13	FRIDAY JANUARY 14	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.4575 (+.0075)	\$1.4675 (+.0100)	\$1.4825 (+.0150)	\$1.5325 (+.0500)	\$1.6000 (+.0675)	(+.1500)	\$1.5080 (+.0580)
40# BLOCKS	\$1.5075 (+.0150)	\$1.5250 (+.0175)	\$1.5500 (+.0250)	\$1.6300 (+.0800)	\$1.6300 (N.C.)	(+.1375)	\$1.5685 (+.0820)
BUTTER							
GRADE AA	\$1.5850 (N.C.)	-----	\$1.6050 (+.0200)	-----	\$1.6325 (+.0275)	(+.0475)	\$1.6075 (+.0258)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM NOTE: CME NDM on Page 2. The CME will be closed on Monday, January 17, 2004.

CHICAGO MERCANTILE EXCHANGE

MONDAY, JANUARY 10, 2005

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.4575; 3 CARS 40# BLOCKS: 2 @ \$1.5075, 1 @ \$1.4925; OFFERS UNCOVERED: NONE
 BUTTER — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

TUESDAY, JANUARY 11, 2005

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.4675; 5 CARS 40# BLOCKS: 2 @ \$1.5250, 1 @ \$1.5200, 1 @ \$1.5150, 1 @ \$1.5075; OFFERS UNCOVERED: NONE

WEDNESDAY, JANUARY 12, 2005

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.4825; 1 CAR 40# BLOCKS @ \$1.5500; OFFERS UNCOVERED: NONE
 BUTTER — SALES: NONE; BIDS UNFILLED: 3 CARS GRADE AA: 1 @ \$1.6050, 2 @ \$1.6000; OFFERS UNCOVERED: NONE

THURSDAY, JANUARY 13, 2005

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.5325; 3 CARS 40# BLOCKS: 1 @ \$1.6300, 2 @ \$1.5500; OFFERS UNCOVERED: NONE

FRIDAY, JANUARY 14, 2005

CHEESE — SALES: NONE; BIDS UNFILLED: 3 CARS BARRELS: 1 @ \$1.6000, 1 @ \$1.5575, 1 @ \$1.5425; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 5 CARS GRADE AA: 1 @ \$1.6125, 1 @ \$1.6225, 2 @ \$1.6250, 1 @ \$1.6325; BIDS UNFILLED: 2 CARS GRADE AA: 1 @ \$1.6325, 1 @ \$1.6300; OFFERS UNCOVERED: NONE

CME CASH NONFAT DRY MILK: Extra Grade closed the week at \$0.8900 and Grade A at \$0.8900. (The last price change occurred January 7th.) The weekly average for both Extra Grade and Grade A is \$0.8900.

BUTTER MARKETS**NORTHEAST**

The butter market is unsettled. Churning activity in the Northeast is heavy. Excess cream volumes remain excessive and heavy volumes are clearing to local and Midwest churns. However, more Class II cream demand is expected this week as more users get back online and take normal volumes. Early-week reports still indicate that cream supplies are plentiful, which may keep local churns full for another week or so. Producers stocks are being rebuilt and demand for bulk varies as buyers wait for clearer market direction. Demand for packaged butter is slower as retailers assess their post-holiday stocks. Retail movement is slow to fair and food service orders are tapering off from the levels seen during the holidays. Sales of bulk butter f.o.b. East, are reported in a range of flat market to 5.5 cents over the CME price/average.

CENTRAL

The butter market tone is basically steady, although the cash price at the CME continues to increase. Many producers and handlers feel that the butter market during 2005 will be firm and prices during the first half of the year will be higher than typically is the case. Stocks remain much lower than usual for this time of the year. In years past, carryover stocks were usually heavier. This year, with low carryover stocks, producers and handlers will be replenishing inventories from a much lower level along with meeting current demand. Cream volumes remain available to Central churning operations from both local and

out of area sources. The basing point for cream purchases has increased slightly, but for the most part, pricing multiples remain unchanged. Butter demand is fair. Producers and handlers indicate that most orders are typical for this time of the year while some buyers are placing heavier than usual orders. Bulk butter for spot sale is being reported in the 2 - 4 cents per pound range over various pricing basis.

WEST

Butter prices at the cash CME market increased another 2 cents this week after registering some strength (4 1/2 cents) last week. A number of Western firms are stating that sales are much slower than before the holidays and those buyers have not reentered the market in any great number after assessing their inventory levels. A number of butter manufacturers have stocks on hand that are larger than desired and they are not interested in any additional cream at this time. Cream offerings have dropped back to pre-holiday levels, but they are still on the heavy side. Contacts do feel that the market will probably be firm this spring, but they do not see it happening currently. Weekly CME butter inventories grew by 7.3 million pounds this week to stand at 23.9 million pounds. Stocks have grown by 16.7 million pounds over the last three weeks compared to 12.4 million pounds last year for the same period. Last year, in week two, stocks were 68.3 million pounds. Bulk butter prices range from flat to 3 1/2 cents under based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES**U.S. AVERAGES AND TOTAL POUNDS**

	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 38% MOISTURE			
WEEK ENDING					
JANUARY 8	1.4677	1.4517	0.8863	1.5589	0.2474
	7,180,869	10,683,017	19,498,050	3,534,394	9,833,488

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are unchanged to fractionally higher on natural cheddar items. The market tone is unsettled as producers, distributors, and buyers all seem to be waiting for clearer signals. Most retailers are assessing post-holiday inventories before reordering, but sales, if typical patterns are followed, are expected to hold at fairly good levels through the Super Bowl weekend. Current cheese output in the Northeast is improving slightly. January's projected Class III milk price is expected to be significantly lower than December's and a much better financial return for cheese makers. However, surplus milk supplies in the Northeast are getting back to pre-holiday, light levels. Food service orders have slowed from pre-Christmas levels and retail sales are about steady.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.5525-2.0675
Cheddar Single Daisies	:	1.5100-1.9850
Cheddar 40# Block	:	1.6275-1.8850
Process 5# Loaf	:	1.6600-1.8675
Process 5# Sliced	:	1.6800-1.9325
Muenster	:	1.7250-1.9275
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market is fully steady. Many traders wonder whether the current supply/demand conditions warrant recent price increases. Some speculate prices might weaken after Super Bowl needs are covered, though Lent starts in less than a month. Current natural movement seems even more uneven, ranging from slow to fairly good, depending on customer base. Orders for Super Bowl needs are being prepared and/or shipped into distribution channels. Natural American supplies remain tight as packagers rebuild working inventories to normal levels. Some cheddar is entering planned aging programs. Barrels are generally at least adequate for the mostly fair at best interest. Mozzarella sales are slow to moderate, depending on the customer. Swiss supplies are in better balance with demand. Current cheese production is steady to slightly higher seasonally.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.6300-2.0500
Brick And/Or Muenster 5#	:	2.0300-2.1400
Cheddar 40# Block	:	1.8400-2.2650
Monterey Jack 10#	:	2.0800-2.2650
Blue 5#	:	2.3350-2.7500
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7850-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.9500

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
		:	
01/10/05	12,861	:	125,339
01/01/05	12,599	:	124,064
CHANGE	262	:	1,275
% CHANGE	2	:	1

WEST

Demand is somewhat mixed for natural cheese this week. Some sellers report that demand has increased after firms tallied up their inventories after the holiday sales and are reordering. Other firms have stocks on hand and are waiting until they run out of product before they return to the market. The price increases noted so far this week on cash cheese trading at the CME for blocks (up 5 3/4 cents) have some buyers wondering if this is the right move at this point in time. Wholesale cheese prices did not change this week. Production levels have declined from the two holiday weeks and are now considered about normal for January. Transportation issues are a problem for some firms in the Southwest and the Intermountain region. Heavy snow and rain are causing flooding problems that are closing roads and hampering power supplies. Some in the market are surprised at this price strength for January and others believe that it is just an early start on spring price strength as noted last year.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.6025-1.8625
Cheddar 40# Block	:	1.6050-1.9575
Cheddar 10# Cuts	:	1.7850-2.0050
Monterey Jack 10#	:	1.7950-1.9550
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.7000

FOREIGN

Prices are unchanged to fractionally higher and the market tone is following seasonal patterns. Typically sales of foreign type cheese peak during the holidays and taper off. The continued weak U.S. dollar is impacting importers' buying decisions, but they still have to have stocks to meet customer needs in the coming months. So, most contacts feel that higher costs will be passed along to consumers, which will likely have an impact on consumption.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	:	TFEWR : -0-
Blue	:	2.6400-4.2900 : 1.8675-3.3675*
Gorgonzola	:	3.6900-5.9400 : 2.3775-2.4900*
Parmesan (Italy)	:	TFEWR : 3.2725-3.3875*
Romano (Italy)	:	2.1000-3.1500 : -0-
Provolone (Italy)	:	3.4400-5.8900 : 1.8800-2.1025*
Romano (Cows Milk)	:	-0- : 3.0625-5.2375*
Sardo Romano (Argentina)	:	2.8500-3.2900 : -0-
Reggianito (Argentina)	:	2.6900-3.2900 : -0-
Jarlsberg-(Brand)	:	2.9500-4.0900 : -0-
Swiss Cuts Switzerland	:	-0- : 2.4500-2.6500
Swiss Cuts Finnish	:	2.5900-2.8500 : -0-
Swiss Cuts Austrian	:	TFEWR : -0-
Edam	:	:
2 Pound	:	TFEWR : -0-
4 Pound	:	2.1900-3.4500 : -0-
Gouda, Large	:	TFEWR : -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	:	27.8000-31.7000 : -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	51	0	30	12	0
SOUTHEAST STATES	0	0	0	0	0	0

Milk production is steady throughout most of the East. Fluid milk supplies are fairly well balanced now that schools are back in session and taking normal volumes. Florida's milk supply is still long for needs and loads of surplus milk continue to be shipped out of state. The need for Class I milk in the Southeast is pretty much back to normal, but many schools in all regions will be closed next Monday for the observance of Martin Luther King Day. This will have an impact on surplus milk volumes during the upcoming weekend. Bottled milk sales in the Northeast are holding steady. However, some ice/snow storms did spark some panic buying, but those instances were widely scattered. Surplus milk volumes are lighter and easily cleared. There have been instances where milk suppliers where cheese plants are maintaining production, but there have also been instances where milk was reportedly moved out of cheese plants to fill other needs. Contacts at manufacturing plants are happy the holiday rush is over and things are getting back to typical winter patterns. The condensed skim market and spot demand are little changed. Prices are steady to slightly lower. The fluid cream market remains sluggish. Supplies are long and loads continue to clear to churning facilities. However, the volumes clearing to butter makers are down from the previous three weeks. Reports indicate that some butter makers are lowering the multiples they are willing to pay for new offerings. This tends to indicate that they are full and do not want too much more cream at this time. Spot prices for Class II cream are steady to higher as the CME average butter price did increase 4.4 cents last week. Ice cream production is increasing as plants gear up after the holidays. This outlet for cream is welcomed by their suppliers. Cream cheese production is off as sales tend so slow at this time of year.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.9297-2.0878
DELIVERED EQUIVALENT ATLANTA	-	1.9613-2.1195 M 1.9929-2.0720
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.9771-2.1353

PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9800-1.000
NORTHEAST- CLASS III - SPOT PRICES	- 1.0600-1.1400

M I D W E S T

Class I interest was steady to generally lighter within the region. In areas where weather concerns boosted milk sales last week, orders only occasionally held up better than expected though most others were lighter. Bottlers were adjusting schedules for the closing of schools for the holiday on January 17. Manufacturing milk interest was spotty, often lighter, as plant operators try to balance milk supplies with actual finished product sales and avoid speculating on future cheese demand. Reported spot prices were about \$1.00 to \$2.25 over class, with a couple unconfirmed reports of sharply lower prices. Ice cream production is spotty, steady to heavier where producers are trying to build their pre-season inventory. Cream demand was weaker from many accounts. Condensed skim interest was good from Class II accounts and still quiet from Class III. Plant milk intakes are steady to slightly higher seasonally. Fat and protein levels remain strong for January. Weather concerns mainly caused slower travel during the past week. Unseasonably warm temperatures followed cold temperatures and light to heavy precipitation, depending on location. Flooding and flood warnings, especially in Indiana and Ohio, though also a concern in Wisconsin with recent rain on top of frozen ground. Much

of the snow cover disappeared with the rain and warmer temperatures.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JAN 6 - 12	PREVIOUS YEAR
SLAUGHTER COWS	\$ 49.00- 54.00	\$ 45.00- 51.25
REPLACEMENT HEIFER CALVES	\$300.00-525.00	\$300.00-380.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JAN 6 - 12	PREVIOUS YEAR
SLAUGHTER COWS	\$ 47.50- 57.50	\$ 46.00- 53.00

W E S T

NASS has reported stocks of hay on farms on December 1. The total for nine selected Western states is 13.9 million tons, about even with the same period last year. Alfalfa hay production for these same states totaled 25.52 million tons for this past crop year, down 1.9% from 2003. The February 2005 Class 1 prices in CALIFORNIA range from \$15.22 in the north to \$15.49 in the south. The statewide average Class 1 price based on production is \$15.27. The average is \$3.20 lower from January 2005 but \$1.88 more than February 2004. CALIFORNIA milk production is showing some effects from recent weather conditions across the state. The South had the heaviest rain totals and farms there were experiencing the worst of the after effects. Most dairies in this region are open lots with limited coverage. Mud and standing water impacted milk output and milk components. Several roads in the Chino area were underwater and affect milk pickups. Drying up is expected to be a slow process. Conditions in the Central Valley were not as severe and more dairies are covered free stalls that are not affected much by wet conditions. Milk production levels are noted as slightly lower to slightly higher. Contacts are noting that more freshening cows are entering the milking strings. Northern dairies are producing milk at steady levels. There are slight increases in demand for fluid milk as additional schools resume and retail orders improve. Weather related production declines are noted in ARIZONA in the 1 - 2% range. Components in milk are steady. Conditions are improving as warmer and drying weather returns. The milk situation is balanced with a good call for fluid milk needs. Milk output in NEW MEXICO range from slightly lower to slightly higher with some locations affected more by the recent adverse weather conditions. Milk orders from the Southeast resumed at higher levels. Somatic cell counts have increased but no effects are noted on fat and protein levels. CREAM offerings are moderate to heavy in the region with surplus loads ending up at the butter churns. Demand is limited for higher class items such as sour cream, cream cheese and yogurt. The CME butter price increased 2.5 cents to close at \$1.6050 on Wednesday, January 12. Cream multiples range from 113 to 124, FOB, and vary depending on basing points. Reports indicate that temperatures will be falling in the PACIFIC NORTHWEST. Snowfall and rain have been behind average so far this winter. There has been very little stress on the milking herd so far. Demand for milk going into the bottle has been heavier than anticipated. This fact is limiting, to some extent, the amount of milk available for manufacturing plants. Heifer prices at a monthly Washington sale are firm, often \$100 higher. The average for supreme animals was \$1925-2350. Dairies continue to search for good quality hay and are not finding much available. Some sources that had been shipping hay recently are now reported out of supplies. Heavy snow, upwards of three feet, in the Cache Valley region of UTAH is causing some problems for the major dairy area in the state. The snow is very wet and heavy and is causing some dairy barn facilities to fail. Transportation issues are not good either. Delays are common. Hay stocks are hard to access for many producers and some are scrambling to find hay that is accessible. The bottom line is that it is taking a lot more time and effort to accomplish normal chores. The Magic Valley in IDAHO did receive some snow, but not anything to match Utah. Milk is readily available in the region. Heifer prices at two sales in the region range from \$1975-2010 for the top end of the range with average prices noted between \$1620-1840. These prices are mixed, but in general they are a bit lower than in December.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are higher on a firm market. Most plants report that supplies are limited for the good interest. However, some traders are picking up additional loads from custom dryers that operate intermittently throughout the year. Traders are anticipating that with reduced international interest, more powder will become available for the domestic market. Production is generally steady with most trade occurring on a contractual basis.

EAST: The market tone continues to show signs of firmness. Production levels are easing, but still moderate to heavy. Plant contacts comment that drying schedules are falling into typical patterns of heavy on weekends, moderate during the week. Surplus milk volumes are lighter now that Class I needs are back to normal and cheese makers appear more willing to take milk. Inventories of NDM are often lighter than desired. Most contacts foresee a firm to strong market for the coming year and some traders are looking to accumulate stocks while they can. This has not been easy. Current production in the East is barely keeping pace with ongoing sales and there is little available to store. It is also reported that the so-called government powder is in tighter supply. The unrestricted-use sellback of three-year old NDM by CCC lasted three weeks. Additional sales may be forth coming, but some contacts feel that may be unlikely. Demand for NDM is fairly brisk and easily clearing current output. With less government powder being offered, demand will turn back to the commercial market.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUMHEAT: .8800 - .9550 MOSTLY: .8900 - .9025
HIGHHEAT: .9375 - 1.0400

NONFAT DRY MILK - WEST

Low/medium heat nonfat dry milk prices edged higher in light to moderate trading activity. Direct export sales continue to keep current supplies in balance in what is traditionally a stock building period. Contacts note that export sales are being made for approaching months. Demand is also good from domestic cheese producers and regular contracted accounts. Some buyers are finding delays in picking up contract and spot loads because producers are often behind on orders. Drying schedules remain active to process milk in the region. There are no offerings to the CCC price support program and the current mostly prices are running 8.5 to 10 cents higher than the support price of 80 cents. Producers' stocks are light to moderate and mainly committed for future orders. The high heat market prices are slightly higher but not tested. Demand remains light and mysterious as to buying inactivity. Some buyers are using other powders and blends to fill needs. High heat drying and stocks are limited.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUMHEAT: .8700 - .9300 MOSTLY: .8850 - .9000
HIGHHEAT: .9000 - .9300

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
January 7	\$.8784	12,009,225	0
December 31	\$.8742	11,864,736	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices continue unchanged and nominal on a weak market. With butter churns reportedly active, more condensed buttermilk is being produced. Although some condensed buttermilk is moving into ice cream, increased supplies are flowing into dryers. Some producers report that stocks are building yet offering prices are generally unchanged and mostly reported near 90 cents. Aged supplies are being traded at substantial discounts with reports as low as 75 cents. Some producers believe that tighter NDM markets will encourage stability in the buttermilk market. Traders indicate that the correlation between buttermilk and NDM prices is no longer linear.

F.O.B. CENTRAL: .8750 - .9550

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are mostly steady and the market tone remains weak. Production levels, like churning activity, are still heavy. Plant stocks are growing at most facilities drying buttermilk. Demand is slow to fair, generally lackluster. The Northeast price range remains nominal.

F.O.B. NORTHEAST: .9200 - .9400
DELVD SOUTHEAST: .9500 - .9800

DRY BUTTERMILK - WEST

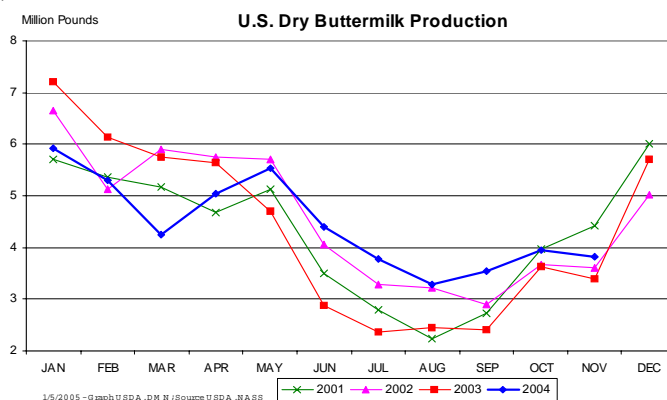
Dry buttermilk prices are mostly unchanged with a slight increase noted at the bottom of the range. The market tone is steady. Buying interest and offerings are balanced. Demand is fair with bakery seasonal needs being filled. Production has been active as butter churning increases to accommodate the cream supplies in the region. This is typical for this time of year. Stocks are available from most suppliers at light to moderate levels.

F.O.B. WEST: .8850 - .9400 MOSTLY: .9000 - .9100

DRY WHOLE MILK - NATIONAL

Prices are mostly higher, but the market tone is unchanged. With the CME butter price starting to move higher, some producers are adjusting their dry whole milk prices to reflect the higher value of milkfat. Other producers are adjusting prices to the slightly higher Class IV milk price. Prices remain nominal as few spot sales are reported. Production levels are steady at light levels. Plant stocks are light and closely balanced. Spot demand is slow.

F.O.B. PRODUCING PLANT: 1.3200 - 1.4100



WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are unchanged to slightly higher on a mostly steady market. Some spot trades are noted at standard premiums for the fair interest. Many buyers are hesitant to buy as seasonal trends indicate that January and February prices typically show some weakness. Most producers state that their supplies are in good balance with limited spot availability. However, traders continue to report that multiple loads are available. Production is steady for the mostly contractual trade.

F.O.B. CENTRAL: .2400 - .2500 MOSTLY: .2400 - .2450

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices and the market tone are unchanged. Contacts report another slow week for market activity. Production levels are light, but some additional milk is flowing into some cheese plants now that cheese prices and anticipated milk prices are again favorable. However, some Eastern producers report being sold out through the first quarter. Other producers do have product to offer. Also, export business continues to clear dry whey, which keeps the domestic market in close supply/demand balance. Demand is fair to good. Some traders are looking to replenish inventories, but with the light output and offerings, this is not always as easy as it may sound. Buyers/users are also getting back into the market after working down year-end inventories.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2475 - .2650
DELVD SOUTHEAST: .2700 - .2825

DRY WHEY - WEST

The Western whey market is generally steady with some fractional price increases noted. The extra whey produced at the end of last year has been sold or is spoken for. Stocks are generally tight. Domestic demand is being rated as good. Export sales are continuing at a good pace. Exporters continue to hear comments about prices getting too high, but there are few other sources of whey in the world at this time. Dairy proteins, in general, are tight all over the world as 2005 begins.

NONHYGROSCOPIC: .2450 - .2750 MOSTLY: .2550 - .2650

ANIMAL FEED WHEY - CENTRAL

Prices are generally unchanged and nominal on a steady market. Supplies are more readily available than the week prior with some traders reporting difficulty in clearing stocks. Buyers are making purchases as necessary with anticipation of seasonally weaker markets. Early weaned pig prices are trending higher while veal markets are steady and lightly traded.

F.O.B. CENTRAL:
MILK REPLACER: .2000 - .2200

Commencing Report 15 (April 8, 2005), Dairy Market News will be publishing a Dry Whey Permeate market. The pricing series will include an F.O.B. range for the Central and West region. Specifications are listed below.

Moisture content. Not more than 5 percent. Milkfat content. Not more than 1.5 percent. Protein content. Not less than 2 percent and not more than 6 percent. Lactose content. Not less than 70 percent. Ash content. Not more than 10 percent.

Commencing Report 15 (April 8, 2005), Dairy Market News will be reporting the Animal Feed Whey-Central Milk Replacer price series within the Dry Whey Central report. The Dry Whey Central Extra Grade price series will remain unchanged.

Comments regarding changes in Dairy Market News Reports can be directed to: Don Nelson, P.O. Box 8911, Madison, WI 53708, Email: DonaldO.Nelson@usda.gov, Phone: 608-224-5079, Fax: 608-224-5078

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are higher on a firm market. Supplies are tight. WPC 80% is available as a substitute to WPC 34% at some locations. However, manufacturers are charging a higher price than a per unit value of protein in comparison. Production of WPC 34% is steady to lower due to plant equipment problems and changes in production from WPC 34% to higher protein concentrations. Export interest remains good, especially as a substitute to the higher priced NDM market. Inquiries from feed buyers are heavy. Off grade supplies are limited for the good interest.

F.O.B. EXTRA GRADE 34% PROTEIN: .6600 - .7500 MOSTLY: .6800 - .7300

LACTOSE - CENTRAL AND WEST

Prices are generally unchanged on a steady market. While some producers were surprised by the price reduction last week, others thought that the reduced prices were an accurate reflection of a previously over-stated market. As a result, increased inquiry is noted from some Asian markets. Some brand specific supplies are difficult to obtain. Multiple loads are notably being offered out to some domestic traders. Traders are generally not accepting of offering prices at the average. Bids at the average are noted from some Asian buyers. Some lactose is trading into Mexico as a substitute to dry permeate in feed applications. Off grade lactose trade is light for the good interest.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
F.O.B. EDIBLE: .1550 - .2100 MOSTLY: .1600 - .1900

CASEIN - NATIONAL

Casein markets and prices remain firm. Supplies are in very close balance to short of full needs with acid in the tightest position. Many domestic buyers continue to indicate that their needs are not being fully filled. Suppliers are trying their best to meet their commitments, although they are indicating that stocks from supplying sources are just not there. European sources are working from inventoried stocks of last season and are looking forward to the upcoming season with great optimism. Oceania stocks continue to be generated, although their production season is not developing as positively as anticipated. Under invitation #037 to sell 4 million pounds of government owned nonfat dry milk for the production of casein/caseinate, all bids were rejected at a price of \$0.3860 per pound. The most recent sale of about 2 million pounds at the end of December was at \$0.4600 per pound.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.0000 - 3.3000
ACID: 3.0000 - 3.3000

EVAPORATED MILK - NATIONAL

The market tone is steady with prices unchanged. Production levels are easing now that the holiday glut of milk is past. Producers are trying to replenish depleted inventories as best they can. Milk prices, in coming months are projected to be above year-ago levels. These higher milk costs and the higher can and packaging costs, plus higher energy and transportation costs all seem to point toward future price increases. Buyers are expected to resist any attempts to raise prices. Demand for canned evaporated milk is slowing along seasonal patterns.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.00 - 30.00
Excluding promotional and other sales allowances. Included new price announcements.

AREA and PRODUCT	2004 MONTHLY AVERAGES												ANNUAL
	: JAN	: FEB	: MAR	: APR	: MAY	: JUN	: JUL	: AUG	: SEP	: OCT	: NOV	: DEC	: AVERAGE*
CHICAGO MERCANTILE EXCHANGE													
BUTTER - MULTI DAY TRADING													
GRADE AA	1.4320	1.7132	2.1350	2.2204	2.0363	1.9300	1.7458	1.5408	1.7656	1.6475	1.9238	1.7083	1.8166
CHEESE - DAILY TRADING													
BARRELS	1.2539	1.3586	1.7977	2.1318	1.8848	1.6848	1.4226	1.5427	1.5206	1.4683	1.6534	1.5243	1.6036
40# BLOCKS	1.3062	1.3958	1.8197	2.1687	1.9925	1.7105	1.4486	1.5734	1.5702	1.5170	1.6960	1.5923	1.6492
NONFAT DRY MILK - DAILY TRADING													
EXTRA GRADE	0.8400	0.8400	0.8400	0.9031	0.9280	0.9200	0.8733	0.8500	0.8500	0.8500	0.8500	0.8576	0.8668
GRADE A	0.8400	0.8400	0.8400	0.9026	0.9280	0.9200	0.8733	0.8500	0.8500	0.8500	0.8500	0.8576	0.8668
CHEESE													
WISCONSIN													
PROCESS AMERICAN 5# LOAF	1.5959	1.5997	1.9217	2.3805	2.3709	2.1839	1.9069	1.8861	1.8624	1.8206	1.9076	1.9680	1.9504
BRICK AND/OR MÜNSTER 5#	1.8663	1.8766	2.1337	2.6159	2.6538	2.4260	2.1446	2.1311	2.1105	2.0775	2.1413	2.2100	2.1989
CHEDDAR 40# BLOCKS	1.8865	1.8775	2.0030	2.3690	2.3844	2.2248	2.0320	2.0859	2.0775	2.0593	2.0725	2.0796	2.0960
MONTEREY JACK 10#	1.9793	1.9625	2.1352	2.4902	2.4881	2.3753	2.1610	2.1908	2.0811	2.0625	2.0790	2.1852	2.1825
BLUE 5#	2.2685	2.2791	2.5318	3.0184	3.0563	2.8285	2.5516	2.5386	2.5180	2.5195	2.5993	2.6675	2.6148
MOZZARELLA 5 - 6#	1.9083	1.9229	2.0264	2.3872	2.4156	2.2317	2.0538	2.1100	2.1194	2.0919	2.1230	2.1134	2.1253
GRADE A SWISS CUTS 6 - 9#	2.3425	2.3675	2.3849	2.6274	2.6688	2.5888	2.6433	2.6988	2.6988	2.6844	2.6890	2.6707	2.5887
NORTHEAST													
CHEDDAR 10# PRINTS	1.6225	1.6783	2.0167	2.4564	2.4150	2.1039	1.7701	1.8823	1.9010	1.8450	1.9736	1.9796	1.9704
CHEDDAR SINGLE DAISIES	1.5600	1.6158	1.9542	2.3927	2.3525	2.0414	1.7076	1.8198	1.8385	1.7825	1.9111	1.9171	1.9078
CHEDDAR 40# BLOCKS	1.5679	1.6212	1.9613	2.3978	2.3597	2.0489	1.7151	1.8273	1.8460	1.7900	1.9185	1.9247	1.9149
PROCESS 5# LOAF	1.5593	1.6236	1.9843	2.4118	2.2906	2.0621	1.7383	1.8359	1.8485	1.7749	1.9239	1.8993	1.9127
PROCESS 5# SLICED	1.5973	1.6623	2.0231	2.4506	2.3294	2.1009	1.7770	1.8739	1.8848	1.8111	1.9601	1.9396	1.9508
MÜNSTER	1.6375	1.6945	2.0330	2.4749	2.4313	2.1202	1.7864	1.8985	1.9172	1.8613	1.9899	1.9958	1.9867
GRADE A SWISS CUTS 10 - 14#	2.4500	2.4500	2.4500	2.4500	2.5500	2.5500	2.5500	2.5500	2.5500	2.5500	2.5500	2.5500	2.5167
WEST													
PROCESS 5# LOAF	1.5268	1.5911	1.9523	2.3783	2.2575	2.0296	1.7064	1.8047	1.8173	1.7436	1.8926	1.8680	1.8807
CHEDDAR 40# BLOCKS	1.6078	1.6633	2.0203	2.4532	2.3981	2.0777	1.7439	1.8541	1.8701	1.8138	1.9443	1.9521	1.9499
CHEDDAR 10# CUTS	1.7228	1.7783	2.1153	2.5482	2.5025	2.1914	1.8576	1.9678	1.9838	1.9275	2.0584	2.0659	2.0600
MONTEREY JACK 10#	1.7028	1.7583	2.0953	2.5282	2.4825	2.1714	1.8376	1.9478	1.9705	1.9080	2.0384	2.0459	2.0406
GRADE A SWISS CUTS 6 - 9#	2.3550	2.3550	2.3937	2.5725	2.6600	2.6600	2.6600	2.6600	2.5348	2.4750	2.4750	2.4750	2.5230
FLUID PRODUCTS													
CLASS II CREAM													
NORTHEAST - F.O.B.	1.7199	2.1413	2.7551	2.9183	2.7335	2.6158	2.4653	2.1696	2.3373	2.2920	2.5211	2.3539	2.4186
ATLANTA - DEL. EQUIV	1.7511	2.1792	2.7834	2.9501	2.7193	2.6112	2.4895	2.1894	2.3438	2.3181	2.5286	2.3883	2.4377
UPPER MIDWEST - F.O.B.	1.8110	2.1338	2.7768	3.0530	2.7832	2.6072	2.4480	2.1417	2.3009	2.3007	2.4341	2.3220	2.4260
CONDENSED SKIM - NORTHEAST - F.O.B.													
CLASS II	0.9000	0.9000	0.9000	0.9000	0.9125	0.9350	0.9378	0.9358	0.9375	0.9388	0.9594	0.9693	0.9272
CLASS III	0.9748	0.8992	0.8702	1.2368	1.4500	1.3221	1.0966	0.9977	1.0250	1.0425	1.0613	1.1520	1.0940
EVAPORATED MILK	24.5000	24.5000	25.0217	26.0000	26.0000	26.0000	26.0000	26.0000	26.0000	26.0000	26.0000	26.0000	25.6685

AREA and PRODUCT	2004 MONTHLY AVERAGES												ANNUAL AVERAGE*
	: JAN	: FEB	: MAR	: APR	: MAY	: JUN	: JUL	: AUG	: SEP	: OCT	: NOV	: DEC	

DRY PRODUCTS													
NONFAT DRY MILK													
CENTRAL/EAST - LOW/MEDIUM HEAT	0.8366	0.8413	0.8518	0.8808	0.9050	0.9188	0.9188	0.8814	0.8700	0.8700	0.8898	0.8876	0.8793
-- MOSTLY	0.8361	0.8325	0.8339	0.8513	0.8853	0.8983	0.8859	0.8623	0.8274	0.8375	0.8718	0.8757	0.8582
CENTRAL/EAST - HIGH HEAT	0.8975	0.8999	0.9046	0.9432	1.0313	1.0461	1.0525	1.0249	0.9774	0.9525	0.9370	0.9478	0.9679
WEST - LOW/MEDIUM HEAT	0.8388	0.8388	0.8397	0.8573	0.8681	0.8595	0.8435	0.8389	0.8429	0.8488	0.8593	0.8857	0.8518
-- MOSTLY	0.8034	0.8025	0.8063	0.8201	0.8513	0.8500	0.8443	0.8411	0.8421	0.8376	0.8456	0.8782	0.8352
WEST - HIGH HEAT	0.8417	0.8406	0.8417	0.8552	0.9038	0.9871	0.9332	0.9218	0.8882	0.8756	0.8753	0.8776	0.8868
DRY BUTTERMILK													
CENTRAL	0.9737	0.9813	0.9890	1.0928	1.1738	1.1738	1.1357	1.0934	0.9838	0.9550	0.9399	0.9199	1.0343
WEST	0.8673	0.8825	0.9057	0.9447	1.0094	1.0349	1.0425	1.0514	1.0475	1.0450	1.0348	0.9402	0.9838
-- MOSTLY	0.8600	0.8813	0.9072	0.9482	1.0094	1.0350	1.0350	1.0377	1.0400	1.0400	1.0350	0.9280	0.9797
NORTHEAST	0.8564	0.8710	0.8728	0.9739	1.0950	1.0950	1.0649	1.0436	1.0312	1.0100	1.0100	0.9448	0.9891
SOUTHEAST	0.8900	0.9074	0.9185	0.9886	1.0900	1.0900	1.0877	1.0707	1.0390	1.0350	1.0310	0.9733	1.0101
WHEY POWDER													
CENTRAL -	0.1786	0.1679	0.2159	0.3022	0.3150	0.2913	0.2527	0.2143	0.2175	0.2321	0.2420	0.2450	0.2395
-- MOSTLY	0.1806	0.1695	0.2135	0.2961	0.3100	0.2883	0.2513	0.2178	0.2160	0.2284	0.2406	0.2425	0.2379
NORTHEAST - EXTRA AND GRADE A	0.1974	0.1845	0.2208	0.3107	0.3275	0.3148	0.2819	0.2450	0.2388	0.2450	0.2528	0.2563	0.2563
SOUTHEAST - EXTRA GRADE	0.2114	0.2020	0.2403	0.3249	0.3425	0.3214	0.2848	0.2520	0.2500	0.2572	0.2716	0.2763	0.2695
WEST -	0.1793	0.1716	0.1889	0.2304	0.2744	0.2750	0.2458	0.2307	0.2204	0.2374	0.2451	0.2549	0.2295
-- MOSTLY	0.1686	0.1620	0.1821	0.2335	0.2681	0.2628	0.2308	0.2158	0.2186	0.2294	0.2430	0.2536	0.2224
ANIMAL FEED													
CENTRAL - MILK REPLACER	0.1685	0.1563	0.1827	0.2618	0.2825	0.2633	0.2032	0.1930	0.1850	0.2018	0.2150	0.2107	0.2103
LACTOSE													
CENTRAL AND WEST	0.2400	0.2363	0.2363	0.2450	0.2450	0.2450	0.2405	0.2307	0.2207	0.1973	0.1898	0.1875	0.2262
-- MOSTLY	0.2250	0.2250	0.2266	0.2375	0.2375	0.2375	0.2290	0.2175	0.2007	0.1878	0.1850	0.1850	0.2162
WHEY PROTEIN CONCENTRATE													
CENTRAL AND WEST	0.5264	0.4766	0.4600	0.5538	0.6444	0.6593	0.6459	0.6082	0.6019	0.6063	0.6100	0.6502	0.5869
-- MOSTLY	0.5311	0.4746	0.4599	0.5505	0.6381	0.6550	0.6516	0.6233	0.6108	0.6100	0.6141	0.6392	0.5882
DRY WHOLE MILK													
NATIONAL	1.1574	1.2101	1.3611	1.4878	1.4988	1.4510	1.3957	1.3634	1.3155	1.3311	1.3323	1.3718	1.3563
CASEIN REVIEW													
ACID	2.2775	2.3500	2.3585	2.4150	2.4413	2.5107	2.6318	2.7182	2.9000	2.9000	2.9750	2.9967	2.6229
RENNET	2.2538	2.3250	2.3413	2.4500	2.4500	2.4879	2.6230	2.6909	2.8667	2.8750	2.9500	2.9935	2.6089

* Annual averages are simple averages of the twelve monthly averages.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE ^{1/}

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}
SEP 2004	186.7	3.3	181.6	6.6	185.3	10.4	182.9	6.6	194.3	31.4	183.4	7.2
OCT 2004	187.9	3.4	182.1	6.0	183.4	7.9	183.4	6.0	194.5	29.5	182.9	5.1
NOV 2004	188.2	3.2	180.9	5.7	183.0	6.8	183.9	6.9	190.4	32.6	182.4	1.7
U.S. City Average Retail Prices												
Month	Whole Milk ^{4/}		Butter ^{5/}		Process Cheese ^{6/}		Natural Cheese ^{7/}		Ice Cream ^{8/}			
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	Dollars											
SEPTEMBER	3.149	2.904	3.624	2.856	4.030	3.803	4.459	3.900	3.968	3.892		
OCTOBER	3.161	2.905	3.668	2.882	4.032	3.714	4.311	4.016	3.790	3.878		
NOVEMBER	3.219	2.937	3.605	2.766	3.988	3.905	4.164	4.085	3.777	3.858		

^{1/} "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. ^{2/} The standard reference base period for these indexes is 1982-1984 = 100. ^{3/} Percent change over previous year. ^{4/} Per gallon. ^{5/} Per pound. Grade AA, salted, stick butter. ^{6/} Per pound, any size and type of package. ^{7/} Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). ^{8/} Per 1/2 gallon, prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS—AUGUST-OCTOBER 2003-2004 AND ANNUAL 2003-2004 ^{1/}

Item	Aug.-Oct. 2003	Percent change ^{2/}	Aug.-Oct. 2004	Percent change ^{2/}	Jan.-Oct. 2003	Percent change ^{2/}	Jan.-Oct. 2004	Percent change ^{2/}
	Million Pounds							
MILK								
Production	41,384	-0.3	41,848	1.1	142,684	0.3	142,647	-0.4
Marketings	41,103	-0.3	41,584	1.2	141,755	0.3	141,772	-0.3
Beginning Commercial Stocks ^{3/}	13,113	2.9	11,947	-8.9	9,891	40.5	8,331	-15.8
Imports ^{3/}	1,209	-2.7	1,042	-13.8	4,089	-2.5	4,338	6.1
Total Supply ^{4/}	55,425	0.4	54,573	-1.5	155,735	2.0	154,441	-1.1
Ending Commercial Stocks ^{3/}	9,787	-1.7	8,989	-8.2	9,787	-1.7	8,989	-8.2
Net Removals ^{3/}	142	54.3	13	-90.8	1,173	374.9	-61	-105.2
Commercial Disappearance ^{4/}	45,496	0.7	45,571	0.2	144,775	1.7	145,513	0.2
SELECTED PRODUCTS ^{5/}								
Butter	355.2	-4.3	375.8	5.8	1,033.1	-1.0	1,046.1	0.9
American Cheese	978.7	-0.9	1,003.3	2.5	3,089.7	-0.2	3,127.1	0.9
Other Cheese	1,380.8	1.2	1,390.8	0.7	4,396.8	2.1	4,525.6	2.6
Nonfat Dry Milk	251.3	-10.4	315.4	25.5	752.3	8.4	1,092.3	44.8
Fluid Milk Products ^{6/}	13,916.5	-1.2	13,676.2	-1.7	45,695.5	-0.3	45,092.2	-1.6

^{1/} Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. ^{2/} From year earlier on a daily average basis. ^{3/} Milk-equivalent, milkfat basis. ^{4/} Totals may not add because of rounding. ^{5/} Commercial disappearance in product pounds. ^{6/} Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA.

U.S. EXPORTS OF DAIRY PRODUCTS

Commodity	2002	2003	Jan.-Sep. 2004		2002	2003	Jan.-Sep. 2004	
	Quantity		Quantity	% change from prev. year 4/	Value		Value	% change from prev. year 4/
	Metric Tons			Percent	\$ Million			Percent
Milk Powder								
Non-Fat Dry Milk	74,375	113,333	147,784	+83	115.1	180.2	278.4	+118
Dry Whole Milk & Cream	37,826	25,352	32,041	+56	44.8	33.8	54.8	+100
Total Milk Powder	112,201	138,685	179,825	+77	159.9	214.0	333.2	+115
Condensed & Evap. Milk	11,823	16,707	27,541	+129	11.8	17.8	26.8	+97
Fluid Milk & Cream 1/	22,970	29,738	19,662	+1	20.4	26.2	16.6	-2
Yogurt & Other Ferm. Milk 2/	1,971	2,022	2,807	+79	12.3	9.3	6.6	-6
Butter & Milkfat	3,866	11,626	7,373	+10	5.8	17.4	12.1	+26
Ice Cream	36,855	29,201	20,163	-18	74.0	56.3	41.2	-10
Cheese & Curd								
Cheese, All Kinds	23,882	16,472	17,239	+46	69.3	51.8	55.8	+55
Cheese, Inc. Mixt.	12,220	14,507	11,326	+14	37.1	43.4	39.9	+37
Cheese Processed	9,896	9,030	6,076	-5	31.1	27.1	20.5	+8
Other	7,911	12,092	8,439	-8	22.9	29.8	23.8	+10
Total Cheese	53,909	52,101	43,080	+15	160.4	152.1	140.0	+32
Casein	2,419	2,873	2,457	+27	10.1	13.2	12.3	+38
Whey								
Whey Protein Conc.	22,951	20,976	21,571	+40	40.6	38.0	30.1	+3
Dried Whey	150,676	138,984	111,590	+6	84.2	80.4	63.3	+2
Other 3/	---	---	---	---	13.4	15.6	16.4	+46
Total Whey 3/	---	---	---	---	138.2	134.0	109.8	+7
Other Dairy Products								
Lactose	118,224	142,660	109,862	+3	69.6	82.9	74.0	+22
Infant Formula	26,981	26,588	21,710	+6	87.8	82.9	68.5	-2
Food Preps.	50,198	56,259	52,857	+41	84.0	84.6	34.7	+11
Other 3/	---	---	---	---	111.2	106.9	127.3	+25
Total Other Dairy Prods. 3/	---	---	---	---	352.5	357.3	304.5	+16
TOTAL 3/	---	---	---	---	\$945.5	\$997.4	\$1,003.0	+38

1/ Quantity is shown in kiloliters. 2/ Quantity is shown in mixed units. 3/ Quantity not shown as data are reported in mixed units.

4/ Change in quantity/value for Jan.-Sep. 2004 from quantity/value for Jan.-Sep. 2003.

SOURCE: "Dairy: World Markets and Trade", FD 2-04, December 2004, U.S. Department of Agriculture, Foreign Agricultural Service, Washington, DC. For further information, contact Paul Kiendl at (202) 720-8870.

WORLD DAIRY SITUATION AND OUTLOOK

Summary - The world market for dairy products in 2004 was particularly notable for the rapid and extended increase in international prices of major dairy commodities. This was in large part due to the growth in global demand for dairy products exceeding available exportable supplies and the rapid decline in the U.S. dollar. The weak U.S. dollar not only added further impetus to rising prices but also cut export revenues in some of the key dairy exporting nations. For the United States, these high prices have been significant in terms of exports of nonfat dry milk (NDM). Since international prices of NDM surpassed the CCC support price, the flow of commercial unsubsidized exports has grown significantly.

For 2005, dairy prices are likely to remain firm as milk output during the ongoing season in Oceania is forecast to grow modestly and reportedly, the majority of exportable supplies are committed. In the European Union-25 (EU-25), milk production in 2004 declined by nearly 1 percent. As a result, internal prices for principal dairy products are relatively strong and stocks for such products as NDM are low. Although milk output in 2005 is expected to recover, production levels will be similar to 2003 and thus unlikely to affect export markets significantly. In the United States, milk production is forecast to expand by approximately 1.8 percent, with the bulk of the milk flowing into cheese production. Nevertheless, high world prices will ensure that the majority of NDM exported will probably be non-subsidized.

Dairy Production - In Oceania, timely rainfall in Australia improved production prospects and milk output in 2004/05 (June-May) is forecast to increase marginally by around 1.0 percent to 10.5 million tons – still 9.5 percent below the pre-drought level reached in 2002. Significantly, the herd size is nearly 14 percent below 2002. The ability of Australian dairy farmers to expand remains constrained since many farmers are still recovering from the drought and investment capital remains tight. In addition, since dairy commodities in the international marketplace are primarily traded in U.S. dollars, the relative strength of the Australian dollar versus the U.S. dollar has offset the global price gains and reduced export returns. In New Zealand, milk production for 2004/05 (July-June) is slated to moderate from the 4.5 percent increase posted in 2004 and grow by 2.5 percent to 15.4 million tons. Cold spring weather and extensive flood damage in the North Island during the past year have been cited as factors reducing milk flows. The strengthening of the New Zealand dollar relative to the U.S. dollar over the prior year has negatively affected export returns. In the EU-25, cow milk production (deliveries) in 2004 is projected to decline by 0.6 percent to 131.1 million tons despite a nearly 2 percent increase in milk output within the Central European countries (CEEC-10). However, since the CEEC-10 accounts for less than 12 percent of EU-25 total milk production this upward swing had little impact. It appears that EU-15 dairy farmers over-adjusted production in order to avoid exceeding quota levels and facing levies. Consequently, milk output dropped by nearly 1 percent. One effect of this cut was particularly evident in the EU-15 production of NDM that fell by nearly 13 percent. For 2005, EU-25 milk production is forecast to recover by 1 percent but NDM production is anticipated to grow by only 3.6 percent; well below the level attained in 2003.

Dairy Trade - Exports of cheese in selected countries is forecast to increase moderately by less than 1 percent in 2005 following several years of relatively strong growth ranging from 5 to 6 percent annually. This reflects the slowdown in milk production in Oceania while in the EU-25 a large proportion of the production increases are being absorbed by the rapid growth in domestic cheese consumption. With the integration of CEEC-10, it is likely that with rising incomes, the per capita consumption of cheese will increase and account for a share of the increases in milk production. Cheese imports in selected countries are also expected to only grow marginally with Japan expected to take the lead as the single largest market for imported cheese. Traditionally, the primary import market for cheese has been the United States. However, for 2005 U.S. imports of cheese are expected to remain stagnant at 215,000 tons while Japan is forecast to increase imports by some 2 percent to 220,000 tons. Russian imports of cheese are set to decline slightly but at a forecast level of 185,000 tons will remain a key market for EU-25 cheese.

Butter exports in selected countries are expected to expand 2.1 percent in 2005 with most of the increase occurring in the Ukraine and the EU-25 countries. Although India is not a significant exporter of butter, India's exports in 2005 are likely to jump to some 10,000 tons largely due to a sharp rise in domestic butter production. For 2005, butter production in India is anticipated to grow by nearly 10 percent. In contrast, butter exports from Oceania have been steadily declining since 2000 largely due to the increasing emphasis on promoting whole milk powder (WMP) and cheese in the fast expanding Asian markets. On the import side of butter trade, there are no significant developments. Given current world butter prices, Russian import demand for 2005 is currently forecast to remain stable at 170,000 tons.

Continued on page 12

Nonfat dry milk (NDM) exports for selected countries are projected to rise by around 5 percent in 2004, but largely at the expense of a sharp 37 percent drawdown in ending stocks. This drop is particularly evident in the EU-25 as intervention stocks of NDM are expected to fall dramatically from 225,000 tons in 2003 to 10,000 tons in 2005. There are two principal reasons for this, a) NDM exports for the EU-25 in 2004 were up nearly 5 percent to 352,000 tons despite fairly steep reductions in export restitution levels, and b) a sharp cut in production reduced available exportable supplies. U.S. exports of milk powder for the January-September 2004 period are running at 179,825 tons – up an impressive 77 percent over year-ago comparable period. NDM exports for 2004 are projected to reach 200,000 tons but then are expected to decline by 25 percent in 2005. However, given the high level of global NDM prices, it is likely that a substantial portion of the powder will be exported without any export subsidies. Oceania exports of NDM are set to remain stagnant for 2005, as the focus is to use manufacturing milk for processing into high export earning products such as cheese and whole milk powder. For 2004, Oceania exports of NDM are projected to decline marginally by some 4 percent and forecast to drop slightly in 2005 to 481,000 tons. Import demand for NDM remains robust led by strong economic growth in the Asian region and increased oil revenues in North African and Middle-Eastern countries. In Asia, imports of NDM among the selected countries are expected to grow by almost 9 percent in 2004 with virtually all the nations registering gains. These increases are expected to be more subdued in 2005 as higher global prices are likely to temper consumer demand. In North America, Mexico, the most prominent global import market for NDM at around 170,000 tons, is not expected to expand significantly. Nevertheless, assuming international prices of NDM hold at current levels, it will represent a key market for exports of U.S. NDM.

Exports of whole milk powder (WMP) by selected exporters continues its fast-paced growth with trade projected to grow by 12 percent in 2004. In 2005, high global prices are likely to dampen demand, and exports are forecast to post a more modest 4 percent gain. During the past five years, New Zealand has become the pre-eminent exporter of WMP with its share of the total for the selected countries growing from 30 percent in 2000 to approximately 42 percent in 2004. In contrast, the EU-25 share over the comparable period has been gradually eroded from 44 percent to 33 percent. The World Trade Organization (WTO) limitations governing export subsidies have been largely responsible for restricting EU-25 WMP sales. This trend in market shares is likely to continue given that New Zealand is planning to invest NZ\$200 million in additional drying capacity. In Argentina, WMP production rebounded by 11 percent in 2004 and exports are subsequently projected to expand by 25 percent to reach 125,000 tons. The combination of a drop in milk production costs after the 2002 devaluation of the currency and high export returns are likely to spur added milk and WMP production. The forecast for 2005, calls for a 7 percent expansion in milk output and an 18 percent boost in WMP production. Exports of WMP are anticipated to jump by 28 percent to reach 160,000 tons with Algeria, Venezuela, Mexico cited as major destinations. The demand for WMP in selected Asian countries is projected to grow by 11 percent in 2004 sustained by the rapid pace of economic growth particularly in countries such as China. In 2004, imports of WMP by China grew by 24 percent and are forecast to expand by 28 percent in 2005 to reach 145,000 tons. At this pace, China could eclipse Algeria as the single largest market of WMP by 2006. In South America, Brazilian imports of WMP continued the declining trend largely due to gains in milk production and rising self-sufficiency.

World Dairy Prices - Prices for dairy commodities during 2004 continued to climb as strong economic growth fueled import demand and available exportable supplies remained tight. In addition, the prolonged slide in the value of the dollar has been a critical factor in putting upward pressure on EU export prices. These exchange rate movements have also reduced export returns to major dairy producers tempering any expansionist plans keeping supplies tight. For the first half of 2005, it is likely that dairy product prices will maintain their current strength. From a supply perspective, the available exportable volumes from Oceania are likely to remain limited. In fact, trade reports indicate that a significant portion of exportable products have already been committed. In principle, the next boost in the supply of global dairy commodities will be in the early spring of 2005, when EU25 production starts ramping-up. However, EU quotas will restrict any sharp increases in the milk supply and the WTO disciplines limit subsidized exports of dairy products.

The demand side of the equation will be a critical element in determining the path of global dairy prices. It appears that dairy markets are well balanced and any further price increases will be undercut by a drop in demand. In fact, historically, international dairy prices have been cyclical as the 20-year price charts demonstrate. Therefore, while it appears that prices should be stable in the first half of 2005, it would not be surprising if there is a moderate correction in the second half.

SOURCE: “Dairy: World Markets and Trade”, Circular Series, FD 2-04, December 2004, Foreign Agricultural Service, USDA. For more information contact Paul Kiendl at (202) 720-8870. This summary has been condensed by the Market Information Branch, Dairy Programs, AMS.

NOVEMBER FLUID MILK SALES

During November, about 4.7 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 3.9 percent higher than November 2003. After adjusting for calendar composition, sales in November 2004 were 0.3 percent higher than November 2003. On an individual product basis, after adjusting for calendar composition, sales of low fat (1%) milk, fat-free (skim) milk, and flavored fat-reduced milk increased from November 2003, while sales of whole milk, flavored whole milk, reduced fat (2%) milk, and buttermilk decreased from a year earlier.

Editor's Note: Additional data can be found at <http://www.ams.usda.gov/dyfmoms/mib/in-areasaes.htm>

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS,
NOVEMBER 2004, WITH COMPARISONS 1/

Product Name	Sales		Change from: 2/	
	November	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Whole Milk	1,484	16,199	0.5	-2.9
Flavored Whole Milk	69	784	-20.5	-17.0
Reduced Fat Milk (2%)	1,474	15,991	3.3	-0.2
Low Fat Milk (1%)	534	5,687	8.2	-0.4
Fat-Free Milk (Skim)	659	7,141	4.7	-0.8
Flavored Fat-Reduced Milk	345	3,253	24.8	10.3
Buttermilk	50	493	-0.8	-3.9
Total Fluid Milk Products 3/	4,678	49,770	3.9	-0.9
Total Fluid Milk Products Adjusted 3/ 4/	4,615	49,599	0.3	-1.3

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; see 4/. 3/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 4/ Sales volumes and percent changes have been adjusted for calendar composition; see http://www.ams.usda.gov/dyfmoms/mib/clndr_comp_rpt.pdf

PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS
AND CALIFORNIA, NOVEMBER 2004, WITH COMPARISONS 1/

Area (Order Number)	Sales		Change from: 2/	
	November	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Northeast (001)	812	8,711	2.7	-0.5
Appalachian (005)	295	3,184	11.1	1.0
Southeast (007)	413	4,370	5.7	-0.6
Florida (006)	252	2,680	6.2	1.7
Mideast (033)	545	5,731	4.4	-0.6
Upper Midwest (030)	380	3,958	3.9	-0.7
Central (032)	404	4,241	4.8	-0.3
Southwest (126)	365	3,855	7.4	0.6
Arizona-Las Vegas (131) 3/	110	1,183	8.8	1.2
Pacific Northwest (124)	190	1,969	5.6	-0.3
California (---)	537	5,816	2.1	-2.0

1/ These figures are representative of the consumption of total fluid milk products in the respective area; see 3/ above for the products included. 2/ Percent changes, as well as sales volumes, are shown on an unadjusted basis; see 4/ above.

3/ The in-area sales data for this order does not include all the sales in the marketing area due to the reporting exemption of fluid milk processors located in Clark County, Nevada.

SOURCE: Monthly reports filed by milk processors subject to the provisions of the applicable Federal milk order, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

JANUARY MILK SUPPLY AND DEMAND ESTIMATES*

Projected milk production for 2004/05 is lowered fractionally from last month. Prices of dairy products are expected to be firmer in 2004/05 than forecast last month. Supplies of milk remain tight, with commercial fat-basis stocks and skim-basis CCC removals reduced from last month. Cheese prices are not expected to decline as rapidly from their recent highs and, coupled with stronger than expected dry whey prices, the Class III price forecast for 2004/05 is raised. Although butter prices are expected to moderate from their recent highs, nonfat dry milk prices are projected to remain relatively high through the first half of 2005 because of strong export demand. As a result, Class IV prices are forecast higher. CCC nonfat milk removals are reduced. The all milk price is raised to \$14.45-\$14.95 per cwt. for 2004/05.

Item	2002/03 1/	2003/04 Estimated 1/		2004/05 Projected 1/	
		December	January	December	January
SUPPLY		BILLION POUNDS			
BEGINNING COMMERCIAL STOCKS 2/	11.2	11.0	11.0	9.9	9.9
PRODUCTION	170.4	170.1	170.1	173.6	173.5
FARM USE	1.1	1.1	1.1	1.0	1.0
MARKETINGS	169.3	169.1	169.1	172.6	172.5
IMPORTS 2/	5.0	5.4	5.4	5.1	5.1
TOTAL COMMERCIAL SUPPLY 2/	185.5	185.5	185.5	187.7	187.5
USE					
COMMERCIAL USE 2/ 3/	173.3	175.6	175.6	178.3	178.3
ENDING COMMERCIAL STOCKS 2/	11.0	9.9	9.9	9.3	9.2
CCC NET REMOVALS:					
MILKFAT BASIS 4/	1.2	-0.1	-0.1	0.1	0.0
SKIM SOLIDS BASIS 4/	8.8	2.0	2.0	2.8	0.9
		DOLLARS PER CWT.			
MILK PRICES 5/					
CLASS III 6/	10.63	14.94	14.94	12.90-13.60	13.20-13.70
CLASS IV 6/	10.05	12.48	12.48	12.00-12.90	12.15-12.85
ALL MILK 7/	11.91	15.63	15.63	14.15-14.85	14.45-14.95
		MILLION POUNDS			
CCC PRODUCT NET REMOVALS 4/					
BUTTER	29	-7	-7	0	0
CHEESE	47	7	7	0	0
NONFAT DRY MILK	719	168	168	240	80
DRY WHOLE MILK	0	0	0	0	0
MILK PRODUCTION	QUARTERLY 8/			ANNUAL 8/	
	2004 IV	2005 I	2005 II	2004	2005
	BILLION POUNDS				
	42.3	43.5	44.9	170.9	174.1
	DOLLARS PER CWT.				
ALL MILK PRICE 5/ 7/	16.03	15.10-15.50	13.35-14.05	16.04	14.00-14.80
CLASS III PRICE 5/ 6/	15.07	13.15-13.55	12.30-13.00	15.39	12.60-13.40
CLASS IV PRICE 5/ 6/	13.19	12.25-12.75	11.70-12.50	13.20	11.85-12.85

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Federal milk order minimum prices. 7/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 8/ Calendar year basis projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; John Mengel, AMS; Paul Kiendl, FAS; James Miller, ERS; and Milton Madison, FSA.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-418, World Agricultural Outlook Board, USDA, January 12, 2005.

**MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS
AND CALIFORNIA, OCTOBER 2004**

In October 2004, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$15.58 per cwt., \$.21 more than the figure for the previous month. The component tests of producer milk in October 2004 were: butterfat, 3.73%; protein, 3.11%; and other solids, 5.68%. On an individual reporting area basis, mailbox prices increased in all reporting areas except for two, and ranged from \$18.13 in Florida to \$13.41 in New Mexico. In October 2003, the Federal milk order all-area average mailbox price was \$14.96, \$.62 lower.

Reporting Area	Mailbox Milk Price <u>2/</u>		
	October 2003	September 2004	October 2004
	Dollars per hundredweight		
Northeast Federal Milk Order	15.23	15.74	16.20
Appalachian States <u>3/</u>	15.22	15.71	15.96
Southeast States <u>4/</u>	15.97	16.46	16.57
Southern Missouri <u>5/</u>	14.71	15.15	15.50
Florida	17.73	17.56	18.13
Ohio	15.05	15.35	15.68
Indiana	---	15.55	15.79
Michigan	14.60	15.10	15.37
Wisconsin	15.57	15.86	16.00
Minnesota	15.59	15.57	15.58
Iowa	15.31	15.47	15.71
Illinois	15.35	15.68	15.95
Corn Belt States <u>6/</u>	13.75	14.36	14.42
Western Texas <u>7/</u>	14.36	14.63	14.42
New Mexico	13.39	13.65	13.41
Northwest States <u>8/</u>	13.03	14.36	14.56
All Federal Order Areas <u>9/</u>	14.96	15.37	15.58
California <u>10/</u>	13.46	14.37	NA

1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. As applicable, includes milk not-pooled due to disadvantageous intra-order price relationships. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments. Mailbox price does include, for the most part, the \$0.05 per cwt. assessment under the Cooperatives Working Together (CWT) program. 3/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 4/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 5/ The counties of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry and all those to the south of these. 6/ Includes Kansas, Nebraska and the Missouri counties to the north of those listed in 5/. 7/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 8/ Includes Oregon and Washington. 9/ Weighted average of the information for all selected reporting areas in Federal milk orders. Figure for the previous year has been revised to exclude prices for Idaho and Utah which no longer are being reported. 10/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JANUARY 10 - 14, 2005			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/04	SAME PERIOD LAST YEAR	WEEK ENDING 01/07/05	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	31,817,269	160,049,199	-0-	861,234,000
Fortified	-0-	-0-	-0-	-0-	-119,048	-0-	46,391,000
TOTAL	-0-	-0-	-0-	31,817,269	159,930,151	-0-	907,625,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JANUARY 10 - 14, 2005 =	0.0	0.0	COMPARABLE PERIOD IN 2004 =	6.1	320.3
CUMULATIVE SINCE OCTOBER 1, 2004 =	7.0	370.4	CUMULATIVE SAME PERIOD LAST YEAR =	35.2	1,861.6
CUMULATIVE JANUARY 1 - 14, 2005 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2004 =	9.7	512.3

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF JANUARY 10 - 14, 2005 (POUNDS)

	BUTTER			CHEESE			NONFAT DRY MILK	
REGION	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/04 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
REGION	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04
CENTRAL	-0-	-0-	-0-	-0-	1,331,567	2,606,034	4.2	1.6
WEST	-0-	-0-	-0-	-0-	29,415,099	154,762,518	92.4	96.8
EAST	-0-	-0-	-0-	-0-	1,070,603	2,561,599	3.4	1.6
TOTAL	-0-	-0-	-0-	-0-	31,817,269	159,930,151	100.0	100.0

NDM SELLBACK TO THE TRADE The cumulative sellback total for 2005 is 0 pounds.

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 12/25/04 & Comparable Week 2003

	U.S. TOTAL										% DAIRY OF ALL	
Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	WEEK	SINCE JAN 1
2004-Dairy	0.0	0.6	6.2	2.1	13.3	2.4	1.0	0.9	13.2	2.1	41.8	2,354.3
2003-Dairy	0.2	0.6	5.1	3.0	13.8	1.4	0.3	0.7	10.9	1.7	37.5	2,852.9
2004-All cows	0.1	0.6	7.7	8.9	27.7	8.3	11.0	2.8	14.8	4.2	86.0	5,032.0
2003-All cows	0.2	0.7	6.7	7.8	21.9	10.6	13.9	3.0	12.1	3.7	80.6	6,002.5

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, the Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2001	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87

FEDERAL MILK ORDER CLASS PRICES FOR 2004 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN 2005
I 1/	11.85	11.59	11.94	13.64	19.65	21.13	17.95	14.62	13.94	14.78	14.29	14.43	16.65
II	11.67	12.90	14.79	15.21	15.03	14.31	14.00	13.13	13.66	13.57	14.09	13.98	
III	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14	
IV	10.97	12.21	14.10	14.57	14.50	13.72	13.31	12.46	13.00	12.81	13.34	13.42	

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfm05/mib/cls_prod_cmp_pr.htm